

MTW Transition Plan Guidance

Overview

As with the implementation of the Moving To Work (MTW) program, transitioning out of the program will require careful planning, coordination of efforts and consideration of a number of different agency functions. Housing authorities participating in the MTW Demonstration will have to begin the process of transitioning from the MTW Demonstration with sufficient time in order to comply with current HUD regulations upon termination of the MTW agreement. The MTW Agreement termination date will coincide with the end of the PHA's fiscal year. Confirmation of the termination date can be found on the MTW website:
<http://www.hud.gov/offices/pih/programs/ph/mtw/index.cfm>.

It is the responsibility of the MTW agency to take the necessary actions to facilitate the transition from the MTW Demonstration. MTW agencies are required to submit for HUD's review a "Transition Plan" that briefly describes how the agency's transition will occur. This plan will help facilitate your transition into regular non-Demonstration operations. HUD will review and may advise or work with your agency to assist in the transition. In instances where action by HUD is needed (such as approvals of waivers) HUD will review requests. PHAs that will not be requesting any waivers or other actions requiring HUD approval may begin implementing their Transition Plans upon submission to HUD.

Timing of Transition Activities

A sample timeline of transition activities is included as an attachment to this guidance. As described in the timeline, it is suggested that PHAs begin the process of transition no later than twelve (12) months prior to the termination date of the MTW Agreement. It is recommended that a transition plan be submitted to HUD no later than nine (9) months prior to the termination date.

Upon the ending date of the MTW Agreement, the housing authority will no longer be waived from provisions of the 1937 Housing Act, and therefore must, at that time, be in full compliance with current HUD regulations. However, selected MTW activities may require a phase-out period of up to twelve (12) months after the termination date of the MTW Agreement, in order to accommodate policy changes, lease revisions, the process of recertification for residents, and, for MTW agencies funded under a "block grant," the reconciliation of unit counts, re-establishment of reporting mechanisms and other administrative elements. The Transition Plan should describe the timetable for implementing these changes. These changes should end within one year of the ending date of the MTW Agreement.

Continuation of "Successful MTW Practices" Beyond Termination

To the extent permitted under current waiver authority, HUD may allow MTW agencies to continue specific successful elements of an agency's MTW program beyond the termination date of the agreement. As part of its transition planning, MTW agencies can,

in writing, request from HUD permission to continue one (or more) **successful** MTW elements or practices. As part of this request, HUD requires detailed justification for continuation of the element. While the request can be identified in the Transition Plan, you must submit a **separate** request to continue each successful program element to the Office of Public Housing Investments at HUD Headquarters. In this request, you must explain how the element has proven to be successful, why continuation of the element is necessary or beneficial and how long continuation is proposed beyond the ending date of the MTW Agreement. Only written approval from HUD constitutes permission to continue the activity beyond the termination date of the MTW agreement.

It should be noted that HUD does not have the ability to waive laws or statutes, but can only waive portions of regulations, handbooks or notices. For example, if a PHA would like to use tenant-based assistance for project basing purposes beyond the cap permitted in current law, HUD will not be able to grant the request, because the cap is set by statute.

Transition Plan Content

An MTW Agency's Transition Plan should briefly describe the activities planned to enable the PHA's transformation to non-MTW status. If waivers of regulations or requests to continue specific successful MTW practices will be submitted to HUD, the Transition Plan should describe these, and should include a timeline of activities the PHA is requesting to continue after the termination date, if applicable.

MTW Agency Funding-Block Grant Sites

MTW agencies funded under a block grant will no longer have single-fund authority as of the agreement termination date. Existing regulation governing the disbursement and expenditure of HUD funding will apply. Please note that additional guidance will be forthcoming in this area.

MTW Agency Funding-Non-Block Grant Sites

For the year that begins following the ending date of the MTW Agreement, the PHA will be required to submit all budget documents for public housing operating subsidy, Housing Choice Voucher funding, and the Capital Fund in accordance with HUD instructions.

Project Reserves: Many agencies were provided with two months project reserves for the Housing Choice Voucher program. Agencies that did not use any or all of those funds as project reserves (i.e., regular HAP funds were insufficient to fund authorized vouchers) must return the balance of the project reserve funds to HUD. Agencies that used all of the project reserves must identify in the Transition Plan that the funds were used to meet unfunded HAP requirements or MTW-eligible activities and that no project reserves remain.

Housing Choice Voucher Units: Neither Fiscal Year 2003 nor Fiscal Year 2004 funds may be used to fund Housing Choice Voucher units in excess of those authorized baseline vouchers for the PHA's fiscal year. MTW agencies should identify in their

Transition Plans the number of unit months expected to be under lease at the end of the MTW Agreement, the number of unit months authorized, and the source of funds that will be used to fund those units in excess of the authorized levels. In addition, the Transition Plan should identify steps the PHA will take to reduce the over-leasing.

All provisions of Notice PIH 2005-1, *Implementation of Consolidated Appropriations Act (HR 4818 – H Rept 108-792)*, 2005 Funding Provisions for the Housing Choice Voucher Program, will apply to agencies as they transition from MTW in FFY 2005.

Re-Establishing Reporting Requirements

MTW agencies exempt from PHAS and SEMAP reporting will need to re-establish regular reporting based on the standard schedule. PHAs that have not been reporting HUD 50058 information must begin reporting the information following the end of the MTW Agreement. For some agencies, it may take one year to fully populate the PIC/MTCS database. The Transition Plan should address the PHA's schedule for transmission of HUD 50058 information. Additional guidance on this topic will be forthcoming.

Agencies that have submitted an MTW Annual Plan for the duration of their participation in the MTW Demonstration must submit a PHA Annual Plan and Five Year Plan for their first fiscal year after the MTW Agreement terminates. Note that for MTW agencies considered "high performers," these agencies may submit a streamlined PHA Plan.

For MTW agencies that have submitted Annual Plans/Reports, note that a final MTW Annual Report will be due to HUD 75 days after the end of the final fiscal year in the MTW Demonstration.

Transition Planning Questions

The following list of questions is provided to assist MTW agencies to begin to prepare for transition out of MTW and in the development of a transition plan. Since this list is intended only as a starting point for the transition planning process, it should not be considered to be exhaustive. MTW agencies are obligated to examine all aspects of PHA operations impacted by the transition out of the MTW demonstration. If additional questions are considered that may be helpful for other agencies, MTW agencies are encouraged to share these questions with HUD.

Rent Policies:

Did the PHA change its rent policy under MTW? If so, are these changes currently allowed under regulation?

- If changes made are not allowed under current regulation, the PHA will have to modify its Admissions and Continued Occupancy Policy (ACOP) for public housing and its Housing Choice Voucher Administrative Plan for all rent changes. The public housing lease may require modifications as well.
- Some of these changes will require a reexamination of every family. If so, the Transition Plan should detail the schedule for completing the

reexaminations. All reexaminations must be **effective** within 12 months following the expiration of the MTW agreement.

Occupancy Policies:

Did the PHA modify its occupancy policies under MTW?

- Time limits that end prior to the end of the MTW Agreement may be honored. The PHA cannot enroll families with time limits that go beyond the end date of the MTW agreement. If a PHA has enrolled families with time limits that exceed the ending date of the agreement, the PHA must identify in the Transition Plan the steps it will take to either cancel the time limits or to request HUD's approval for the continuation of the successful program element the PHA will be requesting HUD approval to continue. For example, if a PHA has time limits and a family's term expires six months following the end of the MTW Agreement and the family will be entering homeownership at that time, the PHA may request, under separate cover, continuation of that family's term limit. All time limits must be completed within 12 months of the expiration of the MTW Agreement.
- Community Service for public housing residents. PHAs must ensure that the public housing Admissions and Continued Occupancy Policy (ACOP) meets regulatory requirements for the community service requirement.

Housing Choice Voucher Program:

Did the PHA make changes to the HCV program? Examples include:

- PHAs that made changes to HQS standards or inspection protocols: In this case, the HAP contract or other standard HUD documents will need to revert to the standard documents. It may take the PHA one year to move to the standard documents. If this is the case, the PHA must identify its strategy and timetable to move to the standard documents and regulations in its Transition Plan.

Family Self-sufficiency:

Did the PHA make any changes to FSS eligibility enrollment, or other changes? If so, the PHA would need to update its FSS Action Plan. The Transition Plan should address when the FSS Action Plan will be submitted to HUD. If not currently funded for FSS Coordinator, PHA would need to apply for coordinator funding.

Did the PHA make changes to how escrow accounts are managed? If so, the PHA would need to bring existing escrows into FSS program, or how the MTW escrows will be provided to the families. The Transition Plan should address how the PHA plans on addressing MTW escrow accounts.

Administrative and Reporting:

MTW agencies funded under a block grant will need to complete a PHA Annual plan and a five-year plan, following the standard submission format and schedule. The

Transition Plan should include the schedule for submission of the PHA Plan. (For MTW agencies that have submitted Annual Plans/Reports, note that a final MTW Annual Report will be due to HUD 75 days after the end of the final fiscal year in the MTW Demonstration.)

What software modifications will be required for HUD 50058 submissions? The Transition Plan should identify the schedule for implementation of transmission of HUD 50058 information.

Are there any PHA Board resolutions that will need to be modified due to the MTW transition?

Operating Subsidy and Section 8 Formula Funding:

Block grant MTW agencies will need a reconciliation of public housing and housing choice voucher units to determine the correct formula amounts.

Organization and Staffing:

Will the PHA need to make any organizational or staffing changes?

What type of staff training may be needed as part of the transition process? Many PHAs with alternate rent structures will require staff training on the statutory rent formula, as well as HUD's requirements for rental integrity. The Transition Plan should identify the training that the PHA plans for staff.

Resident Impacts:

How will residents be impacted by the MTW transition, e.g., timelines, revised lease, rent increases, contracts of participation?

How will residents be notified about these changes? The Transition Plan must identify the formal resident notifications that will occur.

Landlords, Community and Partners:

Will there be any landlord impacts due to the MTW transition?

Are there any community and/or local governmental impacts related to the MTW transition?

Will there be any impacts for service providers?

A list of MTW changes or waivers, and their transitional action needed or impact on the housing authority and HUD is attached. Review of this chart will assist MTW agencies to determine specific areas of transition for each agency.

Suggested MTW Transition Plan Timeline

Activity	Due Date 3/31 FYE PHAs	Due Date 6/30 FYE PHAs	Due Date 9/30 FYE PHAs	Due Date 12/31 FYE PHAs
Identify elements that must be rolled back	One year before expiration of MTW -April	One year before expiration of MTW - July	One year before expiration of MTW - October	One year before expiration of MTW -January
Develop strategy for implementation and consult with residents/ participants	April-June	July-September	October-December	January-March
Identify system requirements for 50058 reporting	April-June	July-September	October-December	January-March
Submit Transition Plan to HUD HQ and FO	July	October	January	April
Draft changes to policies/procedures, i.e., Admissions and Continued Occupancy Policy, Admin Plan, Lease, Community Service Policy, etc. Develop staffing changes and plan training	August	November	February	May
Begin developing PHA Plan	August	November	February	May
Form Resident Advisory Board	August	November	February	May
Draft Plan developed for discussion with partners	Mid-October	Mid-January	Mid-April	Mid-July
Notice of hearing and Plan on file for review (including comment period on lease changes)	Mid-November	Mid-February	Mid-May	Mid-August
Optional initial letter or notice to affected residents/ participants of change in terms of residency and/or rent calculation	Mid-November	Mid-February	Mid-May	Mid-August
Public Hearing	First week of January	First week of April	First week of July	First week of October
Plan due to HUD FO	Mid-January	Mid-April	Mid-July	Mid-October
Submit funding forms to HUD	60 days before end of FY	60 days before end of FY	60 days before end of FY	60 days before end of FY
Plan approval	75 days after receipt by HUD	75 days after receipt by HUD	75 days after receipt by HUD	75 days after receipt by HUD
Begin 50058 transmissions	April 1	July 1	October 1	January 1
Written rider to lease executed	As required	As required	As required	As required
Notice to residents of rent change/appeal rights	As required by lease	As required by lease	As required by lease	As required by lease

List of MTW Waivers or Changes And Transitional Actions or Impact

Waiver or Change	Transition Action or Impact on PHA	Transition Action or Impact on HUD
1 RENT POLICY CHANGES	Modify ACOP/ Admin Plan for all rent changes	Approve Annual Plan
1.1 Changes in Deductions or Allowances	Cancel for HCV/Calculate cost for PH	None
1.2 Additional Deductions, Exemptions, or Allowances	Cancel for HCV/Calculate cost for PH	None
1.3 Flat, Market, or Non-Income Based Rent System	Conduct market survey for flat rents	None
1.4 Ceiling Rents		
1.5 Minimum Rents	Must be \$50 or below	None
1.6 Rents Based on Alternative Fractions of Income	Calculate cost for continuing	None
1.7 Frequency of Recertifications	May require staffing increase	None
1.8 Other Rent Changes that Could Exceed Brooke	Cancel	None
2 OCCUPANCY POLICIES		
2.1 Time Limited Assistance	End assistance or cancel	None
2.2 Community Service	Because MTW sites are required to implement Community Service (CS), must determine if CS policy is in compliance with current regulation	
2.3 Site Based Lists	Determine if still needed	Approve Annual Plan
2.3 Other Waiting List Changes	Need to determine if permissible under current regulation; if not, cancel	None
2.4 Preferences, Income Targeting, Deconcentration and Eligibility	Determine issues and shape preferences to meet needs. Determine what to do with people who are now on waiting list (through waiver) and would be ineligible under standard PH/HCV rules – for example, a “new” definition of “family”?	Approve Annual Plan
2.5 Revised Income Definitions	Cancel	None
2.4 Special Purpose Housing	What if PHA created, for example, special admissions rules for a transitional housing facility? Would old rules affect mission/ purpose of building? Submit waiver or disposition request	Respond to waiver or disposition request
2.5 Other Occupancy Related changes (e.g., changes to lease and grievance rules)	Need to determine if permissible under current regulation; if not, cancel	None
2.6 Penalties and Sanctions	Need to determine if permissible under current regulation; if not, cancel	None
3 ADDITIONAL CHANGES TO SECTION 8		
3.1 Tenant and Lease Related Changes	Comply with current regulation	None

Waiver or Change	Transition Action or Impact on PHA	Transition Action or Impact on HUD
3.2 FMR Related Changes (exception rents, payment standards, etc.)	Comply with current regulation	None
3.3 HQS Standards and Inspection Frequencies/Protocols	Revert to standard HQS	None
3.4 HAP Contract Provisions	Assumes all contracts are for not more than one year or have provisions for administrative amendments with reasonable notice. Possible waiver request to use a different HAP form	None
3.5 Project-Basing Section 8	Some PHAs may have exceeded the existing 20% limit for project-basing tenant based assistance. Include a strategy for recapture of units on turnover.	None
3.6 Portability	Eliminate restrictions; train participants	None
3.7 Administrative Changes	Varied	None
3.8 Overleasing	Need to capture overage on turnover	
4 FAMILY SELF SUFFICIENCY		
4.1 Eligibility Enrollment Changes	Modify FSS Action Plan	Approve FSS Action Plan. Determine if PHA that received FSS funds pre-MTW will be eligible for funds again.
4.2 Escrow	Bring existing escrows into FSS program or end MTW escrows	
5 HOMEOWNERSHIP (Public Housing and Section 8)	Depends on “contract” signed with resident. Clearly, program can be altered for “new” entrants. However, PHA may have entered into binding contract with existing participants that may need to be honored following MTW.	None
6 MODERNIZATION (Capital Fund and CGP)		
6.1 Formula Amount		There must be a reconciliation of unit counts to arrive at proper Mod funding allocation, including replacement housing factor
6.2 Obligation and Expenditure Requirements/Deadlines		Coordinate with PHA to determine the deadlines for existing funds.
6.3 Use of Modernization Funds (flexibility)	Comply with current regulation	None
6.4 Replacement Housing Factor	Will need to meet RHF requirements; no longer waived.	
7 DEVELOPMENT		
7.1 Expedited Demolition Approvals	No	
7.2 Expedited Mixed-Finance Approvals	No	
7.3 Development Costs and Standards	No	

Waiver or Change	Transition Action or Impact on PHA	Transition Action or Impact on HUD
8 OTHER ADMINISTRATIVE AND REPORTING		
8.1 SEMAP and PHAS	Re-implement SEMAP and PHAS	Determine when SEMAP and PHAS will be implemented based on PHA needs to reconfigure reporting systems and re-enter all data (up to one year for SEMAP, less time for PHAS)
8.2 Reinstitute 50058 Reporting	Reconfigure reporting systems and begin reporting data. May require one year to enter all families. Will be an expense to the PHA.	Technical IT assistance needed to test and implement system changes.
8.3 Annual Agency Plan	Submit Annual PHA Plan using standard submission calendar	
8.4 Five Year Plan	Submit five year plan using standard submission calendar	
8.5 Procurement Policy Changes	Can make special waiver request for good cause justification	Process waiver requests.
8.6 Investment Policy Changes	No	
8.7 Utility Monitoring	No	
8.8 Wage Monitoring	No	
8.7 Energy Performance Contracting	PHAs may have entered into binding long-term contracts, with contract provisions that are different from non-MTW rules.	Process waiver requests.
9 PFS AND SECTION 8 FORMULA FUNDING		
9.1 Use of Funds (fungibility, etc.)	Determine if there are any uses under MTW that, contractually, need to continue post-MTW.	None.
9.2 Formulas		There must be a reconciliation of PH and HCV units to determine the correct amounts.
9.3 Use of Reserves/ Apportionment of Reserves	To the extent that funds under MTW were “fungible”, one must determine (1) how those funds can be used post-MTW and (2) how a PHA now apportions its MTW combined reserve into program specific reserves.	Comply with existing policies on reserves.